

HOUSE BILL REPORT

ESB 5607

As Reported by House Committee On:
Government Accountability & Oversight

Title: An act relating to beer, wine, and spirits theater licenses.

Brief Description: Concerning beer, wine, and spirits theater licenses.

Sponsors: Senators Harper, Hewitt, Kohl-Welles and Kline.

Brief History:

Committee Activity:

Government Accountability & Oversight: 3/21/13 [DPA].

Brief Summary of Engrossed Bill
(As Amended by Committee)

- Creates two types of licenses: (1) one for theaters to sell beer and wine for on-premise consumption; and (2) one for theaters with no more than 120 seats per screen and that serve complete meals to sell spirits, beer, and wine for on-premise consumption.
- Requires theaters that allow minors on the premises to follow certain procedures, and doubles the monetary and license suspension penalties for violations involving minors.

HOUSE COMMITTEE ON GOVERNMENT ACCOUNTABILITY & OVERSIGHT

Majority Report: Do pass as amended. Signed by 9 members: Representatives Hurst, Chair; Wylie, Vice Chair; Condotta, Ranking Minority Member; Holy, Assistant Ranking Minority Member; Blake, Kirby, Moscoso, Shea and Smith.

Staff: Trudes Tango (786-7384).

Background:

Spirits, Beer, and Wine Restaurant License.

The Liquor Control Board (LCB) issues a variety of retail licenses that allow the licensee to sell beer, wine, and/or spirits for on-premise consumption. A spirits, beer, and wine

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restaurant license allows a restaurant to serve spirits by the individual glass, serve beer by the bottle or by tap, and serve and sell wine. To obtain a spirits, beer, and wine restaurant license, the restaurant must comply with certain requirements regarding hours of operation, floor space, and food service.

Regarding the requirements for food service, the restaurant must prepare, cook, and serve at least eight complete meals. A complete meal is an entrée with at least one side dish. A chef or cook must be on duty while meals are offered, a menu must be available to customers, and food items from the menu must be on the restaurant premises. A spirits, beer, and wine restaurant license is \$2,000 per year if the restaurant has less than 50 percent dedicated dining area.

A cinema with a dinner theater venue may obtain a spirits, beer, and wine restaurant license if additional requirements, such as lighting requirements, are met. In addition, a cinema with a dinner theater venue must provide a floor plan of the cinema to the LCB indicating which theater rooms are operated as dinner theaters serving alcohol and which rooms will not be serving alcohol.

Violations of Liquor Laws and Regulations.

Penalties for violating liquor laws and rules include monetary fines and suspension of licenses. Penalties escalate based on the number of violations within a two-year period. For a violation involving minors (such as selling alcohol to a minor) the penalty for a first violation is a five-day license suspension or a \$500 monetary fine. For a second violation within two years, the penalty is a seven-day license suspension. No monetary fine in lieu of suspension is available for second or subsequent violations within two years.

Summary of Amended Bill:

Two types of theater licenses are created. "Theater" means a place of business where motion pictures or other primarily nonparticipatory entertainment are shown.

A spirits, beer, and wine theater license is created to allow a theater to sell spirits, beer, and wine at retail for on-premise consumption. To be eligible for a spirits, beer, and wine theater license, the theater must not have more than 120 seats per screen and must prepare, cook and serve complete meals and provide tabletop accommodations for in-theater dining. The requirements for complete meals are the same as the requirements that apply to spirits, beer, and wine restaurants. The annual fee for the license is \$2,000.

A beer and wine theater license is created to allow a theater to sell beer and wine at retail for on-premise consumption. There are no seating limits or food service requirements for this license. The annual fee for the license is \$400.

If minors are allowed in the theater, the theater must submit an alcohol control plan to the LCB for approval. The alcohol control plan is a written, dated, and signed plan showing where and when alcohol is permitted, where and when minors are permitted, and the control measures used to ensure minors are not exposed to environments where drinking alcohol

predominates. The LCB must adopt rules regarding alcohol control plans. Any person serving alcohol must have completed a mandatory alcohol server training program.

The maximum fines and suspensions for violations involving minors or failure to follow an alcohol control plan are doubled for theaters. Therefore, a first violation is a 10-day license suspension or \$1,000 monetary penalty.

With certain limitations, a theater licensee that is a federally designated nonprofit exempt from taxation under 26 U.S.C. 501(c)(3) may enter arrangements with a beer, wine, or spirits manufacturer, importer, or distributor for brand advertising at the theater or promotion of events held at the theater. The arrangement may not result in the exclusion of brands or products of other companies. Such agreements are subject to specified auditing procedures to be conducted by the LCB.

Amended Bill Compared to Engrossed Bill:

The amendment: (1) increases the annual license fee from \$400 to \$2,000 for a spirits, beer, and wine theater license; and (2) creates a separate beer and wine theater license, without seating limits or food service requirements.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) Initially there was concern from members in both caucuses about allowing a theater to serve spirits. This bill addresses those concerns by making those licenses restricted to theaters that have fewer seats and that serve meals. The movie exhibition industry is rapidly changing due to technology. Now that people have advanced flat screen capabilities in their home, the movie theater industry needs to offer people a different experience. Theaters want to offer an enhanced premium movie theater experience that includes dinner and drinks. The industry is moving towards this concept. It has been successful in other states. The theater would have family oriented dining during the week and then offer more of a "date night" concept during the weekends. Other states that have these types of theaters do not report having any enforcement issues.

(In support with amendment) The bill should incorporate the House of Representatives bill that creates a beer and wine license. Small theaters already have a difficult time staying in business. A beer and wine license offers small theaters options to grow. Requiring a theater to have limited seats and serve food will not be helpful to small theaters, but the license created in the House bill will help those theaters.

(Opposed) None.

Persons Testifying: (In support) Senator Harper, prime sponsor; T.K. Bentler, Paul Safron, and Susan Johnson, iPic Entertainment; A.J. Epstein, West of Lennon Theatre; and Brian Layton.

(In support with amendment) Julia Clark, Washington Restaurant Association.

Persons Signed In To Testify But Not Testifying: None.